

To: The United States Bankruptcy Court / Relevant Authorities

From: Honghong Liu, FTX Creditor (Residing in USA)

Subject: Objection to Motion Seeking to Exclude Certain Creditors Based on Local Legal Risk Assessments

Date: 07/12/2025

Honorable Judge Karen B. Owens,

I am a creditor of FTX, a Chinese but residing in USA, and I write to express my **strong opposition** to the recent motion filed by the FTX Recovery Trust (Case NO. 22-11068(KBO)), which seeks authority to exclude certain creditors from receiving distributions based solely on legal risk assessments conducted by FTX's appointed local counsel.

Summary of the Motion

According to the motion:

- If a legal opinion commissioned by FTX's local counsel indicates any potential legal risk in disbursing funds to creditors in a particular country (e.g., China), FTX may unilaterally cancel such distributions;
- The affected funds would be absorbed back into the bankruptcy estate, depriving those creditors of any recovery.

This proposal is procedurally and substantively unjust. I respectfully urge the Court to reject or substantially amend the motion for the following reasons:

1. Unilateral Power Without Creditor Oversight

The motion grants FTX and its privately selected legal counsel broad, unchecked discretion to exclude creditors without their involvement or consent. This outsourcing of critical decisions to self-interested parties lacks transparency and violates basic principles of due process and fairness that should govern any bankruptcy proceeding.

2. FTX Calculated Claims in U.S. Dollars—It Must Pay in U.S. Dollars

All creditor claims were calculated in U.S. dollars. FTX must fulfill its obligation to distribute U.S. dollars to all creditors, regardless of their country of residence. This:

- Upholds the original terms of deposit;
- Prevents unjust discrimination based on jurisdiction;

- Eliminates confusion over local conversions or compliance burdens.

Compliance with local banking or currency controls is my responsibility—not FTX's. Administrative concerns do not justify denial of rightful distributions.

3. My Case: I Am Chinese, a U.S. Permanent Resident, and My Funds Came from a U.S. Credit Source

I am a Chinese citizen and also a **lawful permanent resident of the United States**. The funds I deposited into FTX did **not** originate in China. They came directly from a **credit line secured by my condominium in the United States**.

These funds were:

- Fully legal and traceable;
- Originating from within the U.S. financial system;
- Not subject to any foreign currency controls or regulatory issues.

I complied fully with both U.S. and Chinese laws. To deny my recovery based on where I currently born—not where the money originated or where I hold permanent legal status—would unjustly punish lawful behavior and undermine confidence in the fairness of this process.

4. The “Legal Risk” Claim Is Vague and Unsubstantiated

To date, FTX has not provided any **specific legal provision** in Chinese law that prohibits USD remittances to individuals. In fact:

- Chinese law does not bar the receipt of legitimate overseas remittances;
- Any required foreign exchange filings can be handled by recipients;
- Legal risks must be concrete and evidence-based—not speculative.

FTX's vague reliance on undefined "legal risks" does not meet the standard of justification necessary to withhold creditor property.

5. I Deserve Interest on Delayed Distributions

FTX has held my assets for nearly two years. During this time, I have suffered:

- Loss of opportunity and capital utility;

- Erosion of value due to inflation;
- Financial and emotional stress due to prolonged uncertainty.

I request that the Court direct FTX to pay **reasonable interest** on all approved claims, from the date of bankruptcy filing to the date of distribution. This is consistent with standard equitable treatment in bankruptcy law.

6. Unjust and Irreversible Harm to Creditors

If the motion is approved in its current form:

- Creditors in China and other countries may be **permanently excluded** from recovery;
- Their funds would be confiscated and reabsorbed into the estate;
- This constitutes a deprivation of property **without due process or compensation**.

Such an outcome is fundamentally at odds with the core principles of U.S. bankruptcy law.

7. My Formal Requests to the Court

In light of the above, I respectfully urge the Court to:

- **Reject or significantly amend** the proposed motion to ensure equal treatment of international creditors;
- **Require all distributions to be made in U.S. dollars**, as originally calculated;
- **Prohibit exclusion of creditors** based on hypothetical legal risks not grounded in documented, enforceable law;
- **Ensure transparency** by allowing creditor input into any process that could affect my eligibility;
- **Mandate interest payments** for delayed access to funds.

Conclusion


The bankruptcy process must uphold fairness, transparency, and the rule of law. I acted in good faith, complied with all relevant laws, and entrusted FTX with lawfully obtained U.S.

dollars. I should not be penalized based on speculative legal barriers or administrative concerns.

I respectfully request that the Court protect my rights and help restore confidence in the legal integrity of this process.

Sincerely,

Honghong Liu

A handwritten signature in black ink, appearing to read "Honghong Liu", written in a cursive style.

FTX Creditor

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07/12/2025

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